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SUBJECT: Guangdong Property Tycoon Sees Opportunities in Taiwan

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1. (SBU) Summary: After participating in a delegation of mainland property tycoons who visited Taiwan in late April, Li Sze Lim (Li Silian), a well-placed and successful real estate entrepreneur, is considering investing in the island's hotel sector. Li said his interest was contingent on further cross-strait opening, especially direct air links; he is optimistic real progress is possible and said mainland real estate developers are ready to take advantage of new opportunities. End Summary.

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Looking for a Deal  
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2. (SBU) Nine mainland China real estate tycoons visited Taiwan in late April to assess investment opportunities on the island. R&F Properties Chair Li Sze Lim (Li Silian), who is originally from Hong Kong and who was a member of the delegation, told the Consul General that he believed there would be opportunities for his firm to build hotels in Taiwan. R&F Properties is one of China's largest real estate development firms and was China's biggest real estate sector tax payer in 2007. (Forbes recently estimated Li's personal fortune at US\$3.5 billion.) Li said that Taiwan currently lacks the capacity and experience to accommodate the huge numbers of mainland tourists - tens of thousands - who will visit the island after it opens further during Ma Yingjeou's term in office.

3. (SBU) Hong Kong's experience with mainland travelers, Li said, would likely be replicated in Taiwan. A friend of his who is the exclusive franchise retailer in Hong Kong for a luxury brand of watches sold out all but 12 watches during the Chinese New Year. The demand all came from mainland holiday visitors. Li also claimed that rates in Hong Kong's three-star hotels had tripled over the last few years due to mainland tourists.

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Blues Roll Out Red Carpet  
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3. (SBU) The property delegation was greeted warmly by high-profile Kuomintang (KMT) politicians, according to Li. The trip was organized by Liu Changle, Chair of Hong Kong's Phoenix TV, with stops in Taipei, Taichung and Kenting. The delegation had originally planned on Kaohsiung as the third stop but substituted the resort area of nearby Kenting due to opposition from local Democratic Progressive Party (DPP) politicians, according to Li. However, Li was impressed when Liu was able to arrange a lunch with some local DPP legislators under the auspices of a local Buddhist monk. In Taipei and Taichung, the delegation met with KMT Chair Wu

Po-hsiung, Taipei Mayor Hau Lung-bin and Taichung Mayor Jason Hu.

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Lots of Ifs, but Worth the Risk  
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14. (SBU) Li emphasized that his interest in investing in Taiwan was contingent on further cross-strait opening, especially direct flights and mainland tourism. There would likely be opposition in Taiwan from the DPP and others, who would complain about the impact large numbers of mainlanders would have on social order and public health in Taiwan. Investors like R&F Properties will need local support in Taiwan if they invest there. Hotel development, he said, was particularly promising as it would be less controversial and would increase nearby property values. Despite possible opposition, Li is optimistic about the prospects for Taiwan opening up to mainland investment. He believes the two will eventually reunite and noted that top Chinese leaders are becoming more rational and patient in their dealings with Taiwan. For now, he and other mainland developers are watching the cross-strait situation closely and will be ready to take advantage of opportunities when they arise.

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